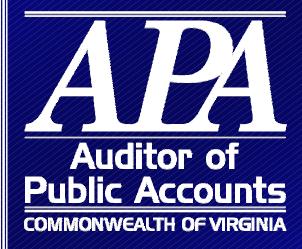
Joint Legislative Audit and Review Commission

Salary Scale Adjustments Audit of General Assembly

June 11, 2001



AUDITOR OF PUBLIC ACCOUNTS

Salary Scale Adjustments

General Assembly Audit

PRESENT SALARY BAND COMPARSION

Previous State Scale				
Grade	Title	Range		
16	Audit Manager	\$48,287 - \$75,387		
18	Audit Director	\$57,706 - \$90,092		

Current APA Band			
Title	Range		
Project Leader	\$49,973 - \$94,990		

PROPOSED SALARY BAND COMPARSION

Current State Band					
Band	Title	Range			
6	Financial and Auditing Services Manager II	\$45,607 - \$93,599			
7	Financial and Auditing Services Manager III	\$59,581 - \$122,281			

Proposed APA Band				
Title	Range			
Project Leader	\$54,500 - \$111,700			

SHIFT OF AUDITOR AND PROJECT LEADER POSTIONS

- To place three individuals in-charge of our system development, system security and data analysis groups.
- To cross train some one to replace one of our retiring project leader.

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SALARY SCALES

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Position	<u>2001</u>	<u>2002</u>	<u>Present Scale</u>	Proposed Scale
Deputy Auditor	1	1	\$71,190 - \$113,575	\$71,190 - \$113,575
Project Leader	12	16	49,973 - 94,990	54,500 - 111,700
Auditor	45	45	37,325 - 71,450	37,325 - 71,450
Staff (1)	<u>86</u>	<u>82</u>	22,457 - 47,250	22,457 - 47,250
Total	<u>144</u>	<u>144</u>		

⁽¹⁾ Staff positions for FY2002 include 71 audit staff and 11 audit support staff.

Change in Generally Accepting Accounting Principles

- There is a New Reporting Model GASB Statement No. 34
- Current GAAP requires:
 - Fund statements using modified accrual basis of accounting
 - Budgetary statement using cash basis of accounting
 - For all legislative agencies, a total of 65 financial statements

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Change in Generally Accepting Accounting Principles

- New Reporting Model GASB 34 requires:
 - 3 sets of financial statements, each prepared with a different basis of accounting1
 - Entity-wide accrual basis
 - Fund statements modified accrual basis
 - Budgetary statements cash basis
 - Management's Discussion and Analysis (M,D, &A)

New Reporting Model

- Problems/Issues
 - Preparing meaningful M,D,&A for each agency
 - Preparing 3 sets of financial statements using a different basis of accounting for each set
 - Cannot continue to issue fund financial statements only
 - This option would result in over 100 financial statements in total

Proposed Audit of Legislative Agencies

- Continue to issue Budget to Actual Financial Statements for each legislative agency
- Continue to have audit performed in accordance with Generally Accepted Auditing Standards (GAAS) and Government Auditing Standards
- Continue to have Independent Auditor report on:
 - Financial Statements
 - Compliance and Internal Control

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Changes to Legislative Audit

- Have audits performed annually, instead of biennially
- Change to Other Comprehensive Basis of Accounting, instead of generally accepted accounting principles

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Results of this Change

- Legislative agencies would prepare financial statements on the cash or budgetary basis of accounting. This is the basis on which they report and monitor transactions throughout the year.
- Agencies would not have to prepare additional statements on the modified or accrual basis of accounting.
- NO CHANGE in audit coverage, or scope of audit
- Audit Contract would require audit work on receivables, liabilities, and fixed assets

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Summary

- Change in Reporting Issue "Budget to Actual Financial Statements" for each legislative agency
- Follow GAAS and Government Auditing Standards – current practice
- No change in Scope of Audit work
- Perform audit annually

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